

Message Text

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PAGE 01 DAMASC 00598 271338Z
ACTION NEA-10

INFO OCT-01 ISO-00 ONY-00 /011 W
-----272220Z 067220 /63 R
R 271234Z JAN 77
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TO SECSTATE WASHDC 1489

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E.O. 11652: N/A
TAGS: AFSP, ECON, SY
SUBJECT: CALENDAR YEAR 1976 INFLATION RATE

REF: STATE 9005

1. BEGIN UNCLASSIFIED: THERE ARE NO PUBLISHED OR OPEN
OFFICIAL FIGURES REGARDING THE 1976 INFLATION RATE IN SYRIA.
END UNCLASSIFIED.

2. PRIVATELY, CENTRAL BANK OFFICIALS HAVE TOLD EMBOFFS THE
INFLATION RATE IS IN EXCESS OF 19 PERCENT BUT LESS THAN 30
PERCENT AS THIS POST HAS ESTIMATED. THE SARG TOLD IBRD AND IMF
MISSIONS THAT THE 1975 INFLATION RATE WAS 32 PERCENT TO
36 PERCENT.

3. BOTH HIGH AND LOW FIGURES MAY WELL BE CORRECT IN DIFFERENT
SECTORS. THERE ARE SEVERAL TAX ADVANTAGES, SPECIAL LAWS AND
SUBSIDIES AVAILABLE TO PRIVATE SYRIAN CITIZENS THAT ADVERSELY
AFFECT FOREIGNERS, ESPECIALLY DIPLOMATS. CONSEQUENTLY, MUCH
OF THE INFLATION FELT BY SYRIAN CITIZENS IS HIDDEN AND FELT
THROUGH SHORTAGES, NOT PRICE RISES. FOR EXAMPLE, A TAX ON
RENTALS

PAID BY ALL FOREIGNERS ON A SCALE UP TO 42 PERCENT
WAS IMPOSED IN 1976. LANDLORDS HAVE BEEN RAISING
THEIR RENTS TO FOREIGNERS DRASTICALLY TO MITIGATE THE
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EFFECTS OF THIS SPECIAL TAX. SECONDLY, GOVERNMENT
STORES AND BAKERIES OFFER BASIC FOODSTUFFS AT CONTROLLED
(AND SUBSIDIZED) PRICES. THESE SHOPS ARE CHARACTERIZED
BY LONG QUEUES, POOR QUALITY PRODUCTS, AND OCCASIONALLY
EMPTY SHELVES. DIPLOMATS GENERALLY SHOP AT PRIVATE
STORES WHERE QUALITY AND CHOICE ARE SUPERIOR AND WITH
CORRESPONDING PRICES.

4. IN SHORT, IT MAY BE ACCURATE TO SPEAK OF A PRICE
RISE OF 20-25 PERCENT FOR THE GENERAL POPULATION, BUT
THE PRICE RISE FOR FOREIGNERS AND DIPLOMATS IS WELL
IN EXCESS OF 30 PERCENT.

MURPHY

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NNN

Message Attributes

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